

# EROS RED LAKE MINES LIMITED

MAY 1 1959



PROSPECTUS

EROS RED LAKE MINES LIMITED

PROSPECTUS

(Filed with Ontario Securities Commission under Part VII. of The Securities Act, being Chapter 351 of the Revised Statutes of Ontario, 1950, Section 38).

(a) EROS RED LAKE MINES LIMITED which is hereinafter called "the Company" has Head Office at Suite 502, 67 Yonge Street, Toronto, Ontario.

(b) Incorporated under the Ontario Corporations Act 1953, and Part IV thereof by Letters Patent 14th October, 1958.

(c) The Officers and Directors and Promoter of the Company are:-

President and Director -	John Clifford Rogers, 248 Joicey Boulevard, Toronto. Consulting Geologist and President, Arjon Gold Mines.
Vice-President and Director -	Kenneth Bailey Dowsett, 84 Kilbarry Road, Toronto. Consulting Metallurgist.
Secretary-Treasurer and Director -	Norman Batten McPherson, 9 Cluny Drive, Toronto. Solicitor.
Director -	Lloyd Edwin Oneal, 936 Highland Avenue, Westfield, New Jersey. Industrial Engineer.
Director -	Colin Archibald Campbell, 157 Jameson Avenue, Toronto. Prospector.
Director -	John Bigwood Rogers, 47 Donino Avenue, Toronto. President, Rogers, Harned & Dunne Limited.
Director -	Kenneth Alexander Buchanan, 491 Orchard Drive, Oakville, Ontario. Salesman, L.M. Greene & Co.

The Promoter of the Company is Arjon Gold Mines Limited, c/o Messrs. Harris, Keachie, Garrow & Davies, 320 Bay Street, Toronto.

(d) The Auditors of the Company are Ampleford, Broadhead & Co., Chartered Accountants, 80 King Street West, Toronto.

(e) The Registrar and Transfer Agent of the Company is Chartered Trust Company, 64 Wellington Street West, Toronto.

(f) Authorized Capital: \$5,000,000. divided into 5,000,000 common shares of the par value of \$1.00 each of which 1,000,007 shares have been issued as fully paid and non-assessable.



(g) There are no bonds or debentures outstanding or proposed to be issued.

(h) Certificates representing 810,000 fully paid shares being part of the shares mentioned in paragraph (f) hereof are escrowed with the Chartered Trust Company, 64 Wellington Street West, Toronto, subject to release only with the consent of the Company and of the Ontario Securities Commission and as to pledge, hypothecation, transfer or other alienation only with the consent of the Ontario Securities Commission.

(i) Shares sold for cash as follows:-

(i)	7 @ \$1.00 on organization -	7.00
	100,000 @ 10¢	\$10,000.00

(ii) Total cash received for shares sold \$10,007.00

(iii) No commission has been paid on the sale of shares.

(j) No securities other than shares have been sold.

(k) No shares have been issued or are to be issued and no cash has been paid or is to be paid to any Promoter for promotional purposes.

(l) Particulars are as follows:-

(i) By agreement dated 31st October, 1958, the Company purchased 130 Unpatented Mining Claims situate in the Townships of Byshe, Ranger and Willans in the Red Lake Mining Division of Ontario containing 5,200 acres more or less recorded in the Office of the Mining Recorder of the Red Lake Mining Division of Ontario.

Each said Mining Claim is recorded in the name of the Company in the Office of the Mining Recorder of the Red Lake Mining Division of Ontario. The Company's title to these unpatented claims is the usual title to unpatented mining claims enjoyed in the Province of Ontario, being numbers -

Main Group -	Ranger Township - 39 claims
KRL. 42563	to 42579 inclusive
KRL. 42622	to 42643 inclusive
	Willans Township - 24 claims
KRL. 42441	to 42457 inclusive
KRL. 42477	to 42480 inclusive
KRL. 43084	to 43086 inclusive
	Byshe Township - 30 claims
KRL. 42528	to 42557 inclusive

East Group -	Willans Township - 37 claims
KRL. 42481	to 42498 inclusive
KRL. 42509	to 42527 inclusive

(ii) The name and address of the Vendor of all the properties purchased by the Company is Alfred Sidney Creighton, as Trustee for himself and Associates, 11 Hillholme Road, Toronto, and the consideration paid or intended to be paid to the said Vendor for the said Mining Claims is 900,000 shares of the capital stock of the Company fully paid and non-assessable.

(iii) Alfred S. Creighton was a Trustee, on his own behalf and for the following persons who contributed to the cost of the prospecting and staking expedition.

Alfred S. Creighton, 11 Hillholme Road, Toronto  
John C. Rogers, 248 Joicey Blvd., Toronto  
Colin A. Campbell, 157 Jameson Ave., Toronto  
Norman Batten McPherson, 9 Cluny Drive, Toronto  
Kenneth B. Dowsett, 84 Kilbarry Road, Toronto  
Arjon Gold Mines Limited, 320 Bay Street, Toronto  
George D. Adams, 2 Kingsley Ave., North, Toronto  
are the only persons or company to receive from the Vendor  
a greater than 5% interest in the shares or other considera-  
tion received or to be received by the Vendor.

(m) The particulars relating to the properties are as follows:

- (i) The claims are in the Red Lake Mining Division of Ontario approximately 17 miles due east of the Township of Red Lake and are accessible by boat and aeroplane.
- (ii) No underground exploration or development work has been done and there is no underground plant.

Surface Work:

- (iii) Several hundred feet of surface trenching and test pitting have been carried out and reference is had to the Report of George Holbrooke, M.Sc., P.Eng., Consulting Geologist, dated January 30th, 1959, attached hereto.

The only surface equipment is camps.

- (iv) The claims were staked in May 1958 by various employees of Colin A. Campbell, Prospector, employed by Alfred S. Creighton acting on behalf of himself and associates (see item (i) (iii)).

Since the claims were staked a discovery of wide mineralized zones has been made on several of the Company's claims.

- (v) The only work done by the present management is as set forth in paragraph (m) (iii).

(n) By agreement dated the 31st day of October, 1958 the Company sold to Norris Adams Limited, 200 Bay Street, Toronto, 200,000 fully paid shares for \$20,000.00 payable \$10,000.00 within 5 days of the Effective Date of the agreement and the balance within one month from said date. Further the Company granted to the Underwriter/Optionee an option or right to purchase 1,000,000 fully paid shares as follows:-

5 blocks of 200,000 shares each at 12-1/2¢; 15¢; 17-1/2¢; 20¢ and 25¢ respectively. The Effective Date of the Agreement is the date upon which the Ontario Securities Commission accepts for filing a Prospectus under the Securities Act of Ontario reflecting this agreement.

The options covered by said stock are to be exercised by the Underwriter/Optionee as regards each consecutive block of 50,000 shares at intervals of one month commencing two months from the Effective Date of the agreement. The said agreement contains a provision that in the event of any default under the said options the Underwriter/Optionee shall have ten (10) days in which to remedy such default and if at the expiration of such period the default has not been remedied, then all remaining options shall at the option of the Company forthwith be determined.

The Underwriter/Optionee proposes to sell shares direct to the public there being no sub-options or underwriting.



The only persons having a greater than 5% interest in Norris Adams Limited are -

George D. Adams, 2 Kingslea Avenue North, Toronto

Bruce A. Norris, Libertyville, Ill., U.S.A.

The Directors understand that in the event of default by the Underwriter/Optionee an appropriate amendment to this Prospectus shall be filed within 20 days of such default if the shares of the Company are then in course of primary distribution.

(o) With the money raised the Company intends to carry on development and exploration entailing the expenditure of \$150,000.00. More extensive exploration, geological mapping and geophysical surveying, diamond drilling and such other work as recommended by the Consulting Engineer in his report dated the 30th day of January, 1959 and such further development as may be warranted later, and for the general corporate purposes of the Company.

(p) The estimate of preliminary expenses is \$4,500.00, consisting of incorporation and organization of the Company, reports, corporate and various services. \$7,000.00 has been spent in development expenses to the date of this Prospectus.

(q) No indebtedness is to be created or assumed which is not shown in the Balance Sheet dated the 31st day of January, 1959, filed with the Commission and no security has been or is to be given in respect of any indebtedness.

(r) (i) The principal business in which each Director or Officer has been engaged during the past three years is -

1. John Clifford Rogers, President and Director, Consulting Geologist and President of Arjon Gold Mines Limited.
2. Kenneth Bailey Dowsett, Vice-President and Director, Consulting Metallurgist, Toronto, Canada.
3. Norman Batten McPherson, Secretary and Treasurer, Solicitor, at 67 Yonge Street, Toronto, Canada.
4. Lloyd Edwin Oneal, Director, Industrial Engineer, Westfield, New Jersey, U.S.A.
5. Kenneth A. Buchanan, Director, has been a Salesman with L.M. Greene & Co. for the last year and a half; before that he was a Salesman with the Crown Life Insurance Company for over a year and a half.
6. Colin A. Campbell, Director, Prospector, Toronto, Canada.
7. John Bigwood Rogers, Director, has been (1) President of Rogers, Harned & Dunne Limited for the past month  
(2) Salesman with Haloid Xerox Co. Ltd. for one year  
(3) Salesman with Mirror Offsets Co. Ltd. one year  
(4) President of Creative Homecraft Kits Limited 3 years.

(ii) Alfred S. Creighton, as Trustee, is the former owner of the said Mining Claims and the Vendor to the Company. The claims were staked on behalf of Mr. Creighton and Associates who contributed to the cost of prospecting, staking, etc. The names of those participating are as follows:

Arjon Gold Mines Limited, George Adams,  
John C. Rogers, Norman B. McPherson,  
Kenneth B. Dowsett and Colin A. Campbell  
(see (1) (iii)).

- (iii) The Company has just been organized and the aggregate remuneration estimated to be paid during the current financial year is nothing to any Director as such and in all \$3,500.00 to Officers included in (p) hereof.
- (s) No dividends have as yet been paid.
- (t) Arjon Gold Mines Limited is the only person or Company who by reason of beneficial ownership of securities of the Company or any agreement in writing is in a position or entitled to elect or cause to be elected a majority of the Directors of the Company.
- (u) There is no other material fact not disclosed in the foregoing.

There is no arrangement for the sale of the Vendor's shares and no arrangements extant under which Vendor's shares will be contributed as a bonus or otherwise to Broker-Dealers selling the shares to the public. Any free Vendor's shares sold under this Prospectus together with shares sold previously for cash will be sold at the current offering price of Treasury Shares and in that event no part of the proceeds of such sales will be paid into the treasury of the Company or enure to its benefit.

DATED this 26th day of March, 1959.

The foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required under Section 38 of The Securities Act, R.S.O. 1950, Chapter 351, and there is no further material information applicable other than in the Financial Statements or Reports where required.

#### DIRECTORS

"John C. Rogers"  
John C. Rogers

"Kenneth B. Dowsett"  
Kenneth B. Dowsett

"Norman B. McPherson"  
Norman B. McPherson

"Colin A. Campbell"  
Colin A. Campbell

by his agent "A.S. Creighton"

"Lloyd E. Oneal"  
Lloyd E. Oneal  
by his agent "A.S. Creighton"

"John B. Rogers"  
John B. Rogers

"Kenneth A. Buchanan"  
Kenneth A. Buchanan

#### ARJON GOLD MINES LIMITED, Promoter

"John C. Rogers"  
John C. Rogers, President

"J.T. Garrow"  
J.T. Garrow, Sec. Treas.

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 38 of The Securities Act (Ontario) and there is no further material information applicable other than in the financial statements or reports where required. In respect of matters which are not within our knowledge we have relied on the accuracy and adequacy of the foregoing.

#### NORRIS ADAMS LIMITED

"G. D. Adams"  
G. D. Adams, Vice-Pres.

"W.M. Morton"  
W.M. Morton, Secty.

Underwriter/Optionee



EROS RED LAKE MINES LIMITED  
REPORT ON  
RED LAKE PROPERTIES

CONCLUSIONS

This large property is very well located in the extreme eastern section of the Red Lake camp and its exploration is amply warranted.

It covers the southeastern projection of the Balmer Township folding which is the principal structure controlling the important Campbell and New Dickenson orebodies. The exploration of these structures across the property offers attractive possibilities.

Additional interesting situations exist in the southwestern section of the property. Here the possibility of a copper-gold mineralization is indicated from old work several thousand feet to the west.

In the "penninsula" section of the property the presence of fairly strong sulphide mineralization, together with strong silica and carbonate alteration, in the same structural environment as the Campbell-Dickenson orebodies justifies the further investigation of the penninsular section of the Eros property described below. It is my opinion that cheapest and quickest method of such exploration is by diamond drilling and recommendations are made for this work.

The balance of the property remains largely unexplored. The recent prospecting has shown the north section of the Main Group to be covered by overburden and the most feasible first exploration there is by magnetometer survey. This is to outline the minor structural features which might harbour important mineralization and to thus guide follow-up drilling.

The parts of the Main Group lying south and west of the peninsula section fall within the influence of the Howey diorite and thus may carry appreciable quantities of sulphide as markers. The first exploration of this area should be by prospecting together with both magnetometer and electromagnetic surveys.

The East Group of claims is underlain by a long narrow finger of volcanics bordered to the north and south by granite. Sulphide mineralization is found in shear zones in the volcanics but so far no appreciable gold indications have been seen. It is suggested that the exploration of this group of claims be postponed until the more important parts of the Main Group have been investigated.

RECOMMENDATIONS

As will be seen from the above discussions, the known ore-making possibilities of the properties are apparently confined to the projection of the Balmer "W" type folding or to the area bordering the Howey diorite on the north.

In order to delimit the folding and to outline the Howey diorite as far as possible and thus eliminate useless future drilling I would recommend that:-

- i) The claims be thoroughly prospected and mapped geologically. With the use of existing aerial photographs the swampy areas can be eliminated and the work can be done for a reasonable expenditure. The cost of this programme is estimated at \$7,500.
- ii) That a magnetometer survey be completed over the entire property. This work should show the outline of the folding, should locate any iron formations present and should delimit the Howey diorite. The survey of the Main Group should be run on northeast-southwest bearing picket lines, 400 feet apart and



would cost \$150.00 per claim or a total of \$15,000. The survey of the East Group should be run on north-south picket lines, 400 feet apart, and would cost \$5,500.

- iii) That an electromagnetic survey be completed over that part of the Main Group lying in Byshe Township. The chances in this section involve the possibility of sulphide mineralization and an electromagnetic survey is the cheapest and best method of investigation under overburden. This part of the property consists of 30 claims and the electromagnetic survey is estimated to cost \$3,000.

The preliminary work on the property is thus estimated to cost \$31,000.

The following recommendations cover only the penninsular section of the property. They are in two phases.

Phase (i) is the recommendation that the penninsula itself and the bay section of the lineament along its northeast side be investigated by cross sectional diamond drilling. The plane of such a cross section should bear N40°E and should pass about 200 feet east of the trenching in the northwest part of the ground. The individual holes should all lie in the plane and should have bearings of N40°E and dips of 45°. A total of 4,000 feet of drilling will be necessary in a series of five 800 foot long holes.

Phase (ii) is the recommendation that the known silicified zones be explored along their strike projection by a series of short, shallow holes as a substitute for trenching. As any orebodies in this environment should have fairly large lateral extent a hole-spacing of 200 feet is suggested. The individual holes should bear N40°E and dip at 45°. As the overburden is light hole lengths of 100 feet will be ample. As the location of each hole will depend on the results of the adjacent hole the spotting of the collars will have to be done as the drilling progresses. A total of 1,000 feet of drilling in 10 holes is recommended.

The total drilling involved in phases (i) and (ii) is thus 5,000 feet and the estimated cost is \$25,000. It is suggested that two machines be used for this work if possible.

## INTRODUCTION

This report is based on the writer's long personal knowledge of this part of the Red Lake Area, on the results of reconnaissance geological mapping by the Ontario Bureau of Mines and on the preliminary prospecting of part of the property by Mr. Colin Campbell between October 1st and December 15th, 1958.

In Mr. Campbell's work several days were spent traversing the East Group of claims in Willans Township and some time was used exploring the north section of the Main Group in Ranger Township. Most of the period was spent in exploring, stripping and trenching along the 5,000 foot long penninsula on the west side of the north bay of Gull-rock Lake, in the northwestern corner of Willans Township, and covered by claims - K.R.L. 42477, 42478, 42456, 42455, 42452.

## DEVELOPMENT

Aside from the general prospecting, and grub-hoe prospecting of the "penninsula", a number of rock trenches have been blasted across possibly favourable formations. These are shown on the accompanying plans.

The trenching consists of five rock trenches covering a 400 foot length of mineralization along the southwest shore of the penninsula, 1,000 feet from its eastern end, in the southeast corner of claim 42456.



A single trench has also been blasted partly across a parallel zone 400 feet to the east. In addition, some 2,500 feet to northwest, near the southeast corner of claim 42452, three more deep trenches cover a 120 foot length of another zone of mineralization. One small trench has been blasted 500 feet to the north along the shore of the lake.

#### LOCATION - ACCESS - FACILITIES

This large property lies near the common corner of Balmer, Ranger, Byshe and Willans Townships in the Red Lake Mining Division of Ontario. It consists of a main group of 93 unpatented mining claims in Ranger, Willans and Byshe Townships and a separate east group of 37 claims in Willans Township as follows:-

Main Group	
Ranger Township	- 39 claims
KRL.	- 42563 to 42579 inclusive
KRL.	- 42622 to 42643 inclusive
Willans Township	- 24 claims
KRL.	- 42441 to 42457 inclusive
KRL.	- 42477 to 42480 inclusive
KRL.	- 43084 to 43086 inclusive
Byshe Township	- 30 claims
KRL.	- 42528 to 42557 inclusive
East Group	
Willans Township	- 37 claims
KRL.	- 42481 to 42498 inclusive
KRL.	- 42509 to 42527 inclusive

The Main Group lies 5 miles southeast of the New Dickenson Mine, the nearest producer. The southern part of the large Cordoba Mines property adjoins the northern section of the group on the west.

The East Group of claims lies 3/4 miles southeast of the Main Group and is separated from it by a group of 25 claims recently staked by New Dickenson Mines Limited.

Access to the properties is by boat from the town of Red Lake, via the Chukuni River and Keg Lake, to the north bay of Gullrock Lake, a distance of 17 miles. Alternative access from Red Lake is by aircraft, a distance of 9-1/2 miles. The town of Red Lake is connected by an all weather gravel highway to the main line Canadian National Railway at Red Lake Road Station, a distance of 105 miles, to the main line Canadian Pacific Railway and the Trans Canada Highway at Vermillion Bay, a distance of 112 miles.

The properties have an ample water supply for all purposes in Gullrock, Ranger and Keg Lakes. The nearest source of hydro-electric power is at the New Dickenson shaft, 5-1/2 miles northwest of the main group of claims.

#### TOPOGRAPHY

The property is largely covered by lakes or by widespread swampy areas from which rise low ridges of sand and gravel. A number of small outcrops are found along the lake shores, in the southern section of the Main Group and in the northern and western parts of the East Group. In general the relief is flat and only very limited information can be gathered from the few rock exposures.



## GEOLOGY - LOCAL

Beyond reconnaissance government mapping little is known of the rocks and their distribution underlying the Eros properties and the geology must be inferred by projection from the adjoining areas.

### i) Main Group

The northern and eastern section of the Main Group covers the projection of the three axial planes of the Balmer "W" shaped folding with the southern, anticlinal axial plane crossing the southeastern claims and the northern, anticlinal axial plane crossing the northern claims of the group. This section is apparently underlain by intermediate to basic lavas, with narrow related fragmentals, and possibly interbedded iron formations conforming to the folding. One 500 foot wide diorite dyke is known striking N45°W with a 55° south dip about one mile east of the North bay of Gullrock Lake.

The southwestern section of the Main Group, in Byshe Township, has more rock exposures and is underlain by intermediate lavas intruded by the eastern end of the Howey diorite. A 500 foot wide feldspar porphyry dyke is indicated as striking N70°W across the extreme southwest part of the ground.

The peninsula on which most of the work has been done is from 500 to 1,000 feet wide and over 5,000 feet long and is located on the west side of the north bay of Gullrock Lake, in the northwest corner of Willans Township and is covered by claims - KRL. 42477, 42478, 42456, 42455, 42452. It has a trend of N50°W and is bordered on the northeast side by a long narrow bay of Gullrock Lake. This bay forms part of a regional lineament which is traceable through swamps and low ground for over 5 miles to the northwest, where it emerges near the New Dickenson shaft. Its continuation would pass through the New Dickenson, Campbell and Cochenour properties. The lineament marks a zone of weakness which is probably an expression of the axial plane shearing along the major anticline with which the New Dickenson and Campbell orebodies are associated. Because of these structural relationships the investigation of the lineament and the peninsula along its southwest side offers attractive possibilities.

Prospecting and trenching have shown that the peninsula is underlain along its northeastern edge by andesitic lavas trending N50°W and dipping about 40° southwest. These rocks underlie a series of intermediate to basic, volcanic tuffs, or fine agglomerates, which also trend N50°W with 40° southwest dips, and are at least 500 feet thick. For the most part they consist of highly carbonatized small fragments in a fine grained, dark green, garnetiferous, chloritic and hornblendic matrix.

Small, still-like dykes of quartz and feldspar porphyry, from 2 to 8 feet wide, are found cutting the tuffs, usually at low angles up to 15°.

Structurally the andesites and the more brittle horizons in the tuffs show a marked fracture cleavage almost parallel to the bedding in strike but dipping more steeply to the southwest, usually about 60°. This fracture cleavage undoubtedly represents the axial plane shearing of the major anticline.

### ii) East Group

This group covers a 2,000 foot wide belt of intermediate lavas which trends east to N70°E across the 3 mile length of the claims. This belt is bordered both to the north and south by granite and probably represents a minor syncline lying about 4,000 feet south of the main south anticline of the "W" shaped Balmer folding.



## ECONOMIC GEOLOGY - GENERAL

As has been pointed out, the Eros properties are newly staked and there is but little direct information covering them. Therefore any assessment of their economic possibilities must be based on inference and on the projection of known ore-bearing structures and conditions from nearby areas into the ground. In particular, the structural conditions controlling the Campbell - New Dickenson orebodies some 5 miles to the northwest definitely strike into this area and the results of the 1945 work on the old Kilbarry ground, 5 miles to the west, together with recently reported results on the Cordoba property, 2-1/2 miles to the northwest indicate possibilities. The following brief descriptions are included to aid in the assessment of the properties.

Orebodies in the Red Lake camp occur in a variety of structures and environments but in a broad way are all peripheral to the oval MacKenzie granodiorite mass and are possibly genetically related to it. In general the mineralization consists of pyrite, or pyrite and pyrrhotite, sometimes with strong arsenopyrite. Gold is associated with the sulphides and also occurs in quartz stringers and veinlets.

The orebodies are found in mineralized tuff horizons as at Madsen; in zones of silicification and quartz veining following anticlinal axial plane shearings in lavas as at Campbell and New Dickenson; in irregular areas of mineralization and quartz stockworks in porphyries as at Howey and Hasaga or in quartz veins cutting lavas or granodiorite as at MacKenzie, Rowan, etc. Gold values are also found in transverse quartz veins cutting wide carbonate zones in the western section of the camp at the Heath, Bull, and Rowan properties or associated with iron formation as on the McFindlay and Cordoba claims. It will be noted that, though the known orebodies occur under a variety of conditions, the volcanics or porphyries are invariably the host rocks. Rare scattered values are known in the sedimentary series overlying the volcanics but no appreciable concentration has yet been discovered and these rocks must be regarded as unfavourable.

On the Campbell and New Dickenson properties the orebodies occur as long, persistent zones of silicification and mineralization trending north  $40^{\circ}$  to  $50^{\circ}$ W with steep south dips parallel to the regional axial plane shearing. Continuous lengths of ore vary from 1,200 to 2,000 feet, width from 4 to 8 feet and the grade runs in the neighbourhood of 0.60 oz.

These orebodies are found along and near the axial plane of the main southern anticline and along the axial planes of minor anticlinal wrinkles associated with this main fold.

In addition on the Campbell property irregular "poddy" similar orebodies are found trending slightly east of north. These bodies are up to 20 feet wide by 250 feet long and grade nearly an ounce. Their location and attitude is very near what is probably an axis of cross-warping which forms an irregular dome with the large "W" shaped fold along the eastern flank.

On the old Kilbarry property, 5 miles to the west, sulphide mineralization with up to 2% copper and associates low gold values was found in shear zones 8 to 10 feet wide striking a little south of east and lying about 2,000 feet north of the Howey diorite. These values were not sufficiently concentrated to make ore but they indicate possibilities in any shear zone found paralleling the Howey diorite on its north side.

Cordoba Mines Limited is currently exploring a large group of claims adjoining the Eros Main Group on the northwest. Recently they have reported highgrade gold values from the sampling of a mineralized iron formation. This occurrence is on the nose of the north anticlinal fold of the Balmer "W" shaped folding and about 2-1/2 miles to the northwest of the Main Group. The projection of the axial plane of this fold crosses the northern part of the Eros property and here there are

possibilities of parallel iron formation horizons carrying gold values in and near the crest of the anticline.

#### ECONOMIC GEOLOGY - LOCAL

On the Eros properties, outside of the "penninsula" section, two showings of sulphide mineralization have been found but no work has been done and their possibilities are unknown. One showing lies in the northern section of the Main Group and consists of streaks and disseminations of pyrite along a shear zone striking northwest and near the axial plane of the northern anticline of the Balmer folding. The other is found near the centre of the East Group and consists of an east striking shear zone mineralized by pyrite. Grab samples from these occurrences show no values.

As noted above the properties cover the projections of all three of the axial planes of the Balmer "W" shaped folding. In particular the axial plane of the southern anticlinal fold crosses the southeastern section of the Main Group of claims. This fold is the principal structural control of the Campbell - New Dickenson orebodies and this area of the property should be explored for a recurrence of this type of mineralization.

The expectation is that any orebodies would trend northwest with medium to steep southwest dips and that the most likely locations would be along the axial planes of minor anticlinal wrinkles on the crest and limbs of the main anticline.

Similar possibilities are present along and near the projection of the axial plane of the north anticline of the Balmer folding. In addition, the anticlinal crest areas should be explored for fractured and mineralized competent rocks, such as iron formation, which may harbour important gold values. This is being demonstrated in the Cordoba exploration.

As noted above, the eastern end of the Howey diorite crosses the extreme southwestern section of the Main Group of claims. The Kilbarry results indicate the possibility of a copper-gold mineralization in shear zones north of, and parallel to, this intrusive. Thus the southwest section of the property should be explored for East striking, south dipping, mineralized shear zones across a 3,000 foot wide belt bordering the Howey diorite on the north. The eastern nose area of the diorite should also be explored for similar mineralization.

#### i) Penninsula Section

In the peninsula section of the Eros property the trenching to the northwest, in the southeast corner of claim 42542, and the single trench near the east end of the peninsula have both uncovered zones of strong silicification in the dark tuffs. These zones vary in width from 3 to 10 feet and are traceable for lengths up to a minimum of 125 feet. The alteration is fine grained, light-blush-grey in colour and is apparently following particular horizons in the tuffs.

A streaky, medium strength, sulphide mineralization is found in a number of the trenches. In the dark tuffs it consists of small, wispy lenses of pyrrhotite, with pyrite and some chalcopyrite, occasional blocky crystals of arsenopyrite and small patches of molybdenite. In the silicified zones the mineralization is similar but pyrite predominates over pyrrhotite and arsenopyrite is more prevalent. In both types the small sulphide wisps appear to be oriented along the fracture direction and considerable rust shows on many of the slip planes.

A few flakes of gold have been panned from the rusty material near the tops of the trenches but in no case do these



indicate any appreciable values. Five chip samples and three grabs were taken from the various trenches and showings and these are listed below with their assays. They are also plotted on the trench plans.

East Group - Willans Township - Claim 12518

- #1 - Grab - pyrite in sheared andesite - Trace
- #2 - Grab - pyrite in sheared andesite - 0.01 oz.

Northwest Penninsula Trenches

- #3 - East Trench - Chip across 5.0 feet -- 0.01 oz.
- #4 - East Trench - Best, Grab -- 0.02 oz.
- #5 - West Trench - Chip across 2.5 feet -- Trace
- #6 - West Trench - Chip across 4.0 feet -- Trace
- #7 - Centre - Chip across 5.0 feet -- Trace

Southeast Penninsula Trenches

- #8 - East Trench - Chip across 2.0 feet -- Trace

As will be seen the sampling confirms the panning and no gold values of any importance have been obtained. However, even these very low values in silicified tuff in this structural environment could be indicative and should be explored further.

Samples number 1 and 2 are grabs of medium, beady, pyrite mineralization in sheared greenstone showing near the line between claims 42518 and 42519 of the East Group. Of the balance, numbers 3, 4, 5, 7 and 8 are of mineralized, silicified tuff and number 4 is from a small quartz porphyry dyke. No samples have as yet been assayed from the mineralized sections of the dark tuff in the south-east penninsular trenching.

HARPER and HOLBROOKE

"G.L. Holbrooke"

January 30, 1959.

G.L. Holbrooke

CERTIFICATE

I, G.L. Holbrooke, of the City of Toronto, in the Province of Ontario, do hereby certify as follows:

1. That I am a consulting geologist and a member of the Association of Professional Engineers of Ontario.
2. That I am a graduate of McGill University with degree of B. Sc. and M. Sc. and have been practising my profession for thirty years.
3. That the accompanying report is based on published reports and maps of the Red Lake District, on the writer's long personal experience in the district, on several trips across Ranger - Willans area in 1945 and 1946, and on a personal inspection of the penninsula section of the property between November 25th and December 5th, 1958.
4. That I have no direct or indirect interest whatsoever in the properties or securities of the Company, nor do I expect to receive any such interest.

HARPER and HOLBROOKE

"G.L. Holbrooke"

G.L. Holbrooke,  
Consulting Geologist.

Dated this 30th day of January  
1958

EROS RED LAKE MINES LIMITED

BALANCE SHEET

AS AT JANUARY 31, 1959

ASSETS

Current

Cash in Bank	\$	207.47	
Accounts Receivable		<u>17.48</u>	\$ 224.95

Mining Claims

130 Unpatented Claims in Red Lake Mining Division, Ontario, held under Miner's License - acquired for 900,000 shares of Capital Stock valued by the Directors at			90,000.00
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Deferred Development Expenditure, including Head Office and Administrative Expenses			10,182.57
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Incorporation and Organization			<u>4,082.00</u>
			<u>\$104,489.52</u>

LIABILITIES

Accounts Payable and Accrued Charges			\$ 4,482.52
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Capital Stock (See Note)

Authorized:

5,000,000 shares of \$1.00 Par Value		<u>\$5,000,000.00</u>	
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Allotted and Subsequently Issued:

100,007 shares for Cash	\$	100,007.00	
Less: Discount		<u>90,000.00</u>	\$10,007.00
900,000 shares for Mining Claims	\$	900,000.00	
Less: Discount		<u>810,000.00</u>	<u>90,000.00</u>
<u>1,000,007 shares (total) for</u>			<u>100,007.00</u>

\$104,489.52

The accompanying Note forms an integral part of this Balance Sheet and should be read in conjunction therewith.

Approved on behalf of the Board,

"JOHN C. ROGERS"  
John C. Rogers, Director

"N. B. McPHERSON"  
N. B. McPherson, Director

AUDITORS' REPORT

Our report dated March 5, 1959, is attached hereto.



NOTE TO BALANCE SHEET AS AT JANUARY 31, 1959

Pursuant to the terms of an Underwriting Agreement dated October 31, 1958, the Underwriter subscribes for 200,000 shares of the Capital Stock of the Company at 10¢ per share, payable \$10,000.00 within five days from the date upon which the Ontario Securities Commission accepts for filing a Prospectus under the Securities Act (the effective date of the agreement), and \$10,000.00 within one month of the said effective date.

By the same agreement, the Company grants to the Underwriter options to purchase a further 1,000,000 shares of its Capital Stock as follows:

200,000 shares at 12-1/2¢ per share	
200,000 " " 15 " "	
200,000 " " 17-1/2 " "	
200,000 " " 20 " "	
200,000 " " 25 " "	

The above options may be exercised monthly by the Underwriter as regards each block of 50,000 shares, commencing two months from the said effective date.

If all the said options are carried out, the Underwriter shall be entitled to the first refusal to option or purchase any additional treasury shares at prices and times for payment to be fixed by the Board of Directors.

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Schedule of Deferred Development Expenditure, Including  
Head Office and Administrative Expenses for the Period from  
Inception of the Company, October 14, 1958, to January 31, 1959

Exploration and Development

Surface Exploration, Trenching, etc.	\$ 6,577.16	
Engineer's Reports	1,418.45	
Government Fees and Licenses	915.00	\$ 8,910.61

Head Office and Administration

Travelling Expenses	\$ 451.66	
Legal and Audit	600.00	
Filing Fees	200.00	
Sundry Office Expenses	20.30	1,271.96
		<u>\$10,182.57</u>

AUDITORS' REPORT

To the Shareholders,  
Eros Red Lake Mines Limited

We have examined the Balance Sheet of Eros Red Lake Mines Limited as at January 31, 1959, and the Schedule of Deferred Development Expenditure, including Head Office and Administrative Expenses, for the period from inception of the Company, October 14, 1958, to January 31, 1959. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the attached Balance Sheet and accompanying Schedule of Deferred Development Expenditure present fairly the financial position of the Company as at January 31, 1959, and the results of its operations for the period ended on that date.

AMPLEFORD, BROADHEAD & CO.

Chartered Accountants

Toronto, Canada  
March 5, 1959

